

OFFICE OF
Janet L. KalaJainen



REGISTER AND RECORDER
LAWRENCE COUNTY

Lawrence County
Government Center
430 Court Street
New Castle, PA 16101-3593
Phone: (724) 656-2128
Fax: (724) 656-1966
recorder@co.lawrencepa.us



0594242-0016Q

RECORDING COVER PAGE

Page 1 of 3

Document Type: Oil & Gas Lease
Document Date: 02/07/2008

Transaction #: 534332
Document Page Count: 2

RETURN TO:
O & G INVESTMENT HOLDINGS LLC
3927 CLEVELAND ROAD
WOOSTER, OH 44691

SUBMITTED BY:
O & G INVESTMENT HOLDINGS LLC
225 NORTH MARKET ST
WOOSTER, OH 44691

PARCEL ID: 27-021500
NUMBER OF IDS: 1

PARTY 1: MICHAEL S DESTEFANO

CONSIDERATION/SECURED AMT: \$0.00

FEES / TAXES:

Recording Fee \$18.50
SOV Fee \$0.00
Parcel ID Certification Fee \$10.00

Total: \$28.50

Document #: 2008-008402
Recorded Date: 08/22/2008 03:10:51 PM

I hereby CERTIFY that this document
is recorded in the Recorder's Office of
Lawrence County, Pennsylvania



Janet L. KalaJainen
Recorder of Deeds

**PLEASE DO NOT REMOVE
THIS PAGE IS PART OF THE RECORDED DOCUMENT**

NOTE: If document data differs from cover sheet, document data always supersedes.
*COVER PAGE MAY NOT INCLUDE ALL DATA, PLEASE SEE INDEX AND DOCUMENT
FOR ANY ADDITIONAL INFORMATION.

OIL AND GAS LEASE

THIS AGREEMENT, made and entered into this 7TH day of FEB, A.D. 2008, between

Michael S. DeStefano

Lessor (whether one or more), of 109 Wood Ridge Drive, Carnegie, PA 15106

and

O & G Investment Holdings, LLC, 225 North Market Street, Wooster, Ohio 44691

lessee. WITNESSETH:

1. Lessor in consideration of Ten or more Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring by geophysical and other means, drilling and operating for, producing and owning oil, gas and all other minerals produced in conjunction therewith, together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and build tanks, and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto, when said adjacent land is spaced, pooled, or unitized with any lands covered hereby. The land covered hereby, herein called "said land", is located in the State/Commonwealth of Pennsylvania, County of Lawrence, Perry Twp., Parcel(s), described as follows:

North by lands of:

27-021-500

South by lands of: R. McClymonds

Certified by PW

East by lands of: Bates

West by lands of: W. Hunt - M. Kern

Containing 2.8 acres, more or less, and including all lands and interests therein contiguous or appurtenant to said land, and owned or claimed by Lessor, or to which Lessor has a preference right of acquisition, whether or not specifically described above. The term "oil" when used in this lease shall mean crude oil and other hydrocarbons in liquid form at the wellhead. The term "gas" when used in this lease shall mean natural gas, casing head gas, or any other substance in a gaseous state at the wellhead. No pipelines, facilities, or road access shall be constructed on the lands described above unless lessor is a part of the drilling unit to which oil and or gas being transported through said pipeline originates, whether in whole or in part.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of SEVEN (7) YEARS from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days. Whenever used in this lease, the word "operations" shall refer to any of the following activities: preparing location for drilling, drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in endeavor to obtain production of oil and/or gas, and production of oil and/or gas whether or not in paying quantities.

3. As royalty, Lessee covenants and agrees: (a) To deliver to the credit of Lessor, in the pipeline to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of the lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipeline or storage tanks. (b) To pay Lessor on gas and casing head gas produced from said land when sold by lessee, one eighth of the amount realized by lessee, computed at the mouth of the well.

4. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time, or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to one dollar (\$1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration every twelve (12) month period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. If at the time that lessee tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender such shut-in royalty, either jointly to such parties or separately to each in accordance with their respective ownership thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank on or before the last date for payment. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

6. Lessee shall have the use, free from royalty, of water, other than from lessors' water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land. Said payment shall be at average current prices for said crops and timber. Lessor may connect, at their own expense and risk to wells on their property, a line for the use of 250,000 cubic feet of gas per year, subject to lessor signature of house gas release form.

7. Lessee is hereby granted the right to pool or unitize said land, or any part of said land, with other lands, as to any or all minerals or horizons, to comprise an oil development unit or units, provided however that if larger units, either at the time established or thereafter, are required or permitted under any governmental rule or order for the drilling or operation of a well at a regular location for obtaining the maximum allowable from any well or for any other reason. Lessee may enlarge the unit to the maximum area permitted herein and reform said unit to include after acquired leases within the unit area. Lessee may create, enlarge or reform the unit or units as above provided at any time, and from time to time, during the continuance of this lease, either before or after production is obtained. In no event shall Lessee be required to drill more than one well in each unit. Lessee may reduce or terminate such unit or units at any time prior to the discovery of oil or gas on the pooled acreage, or at any time after discovery subsequent to the cessation of production. Lessee shall create, enlarge or reform, reduce, or terminate each unit by recording a written declaration to that effect in the office of the Register of Deeds in the county or counties in which such unit is located. Any operations conducted on any part of the lands pooled shall be deemed to be on the lands leased herein within the meaning of all provisions of this lease. Production of oil and/or gas from the unit shall be allocated to the lands described herein which are included in the unit in the same proportion as the number of surface acres in the lands described herein which are included in the unit bears to total number of surface acres in the unit.

8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns and successive assigns. No change or division in the ownership of said land, royalties, or other monies, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of the lessee. Notwithstanding any other actual or constructive knowledge or notice thereof of or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, delay rental, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until forty-five (45) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, lessee may, nevertheless pay or tender such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank.

9. In the event lessor considers that lessee has not complied with any one or more of its obligations hereunder, either express or implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. If the parties cannot agree as to the reclamation or damages of the well under this paragraph 9 said dispute shall be determined by three (3) disinterested persons, one thereof to be appointed by the Lessor, one by the Lessee, and the third by the two so appointed as aforesaid, and the award in the majority of such persons shall be final and conclusive. In the event Lessee does not take the action ordered by the majority of the three disinterested persons, Lessor may take such action and charge to Lessee all costs and expenses associated therewith. Any reasonable costs associated with said determination shall be shared equally by the parties. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder. If this lease is cancelled for any cause, it shall nevertheless, remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres). Such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require, and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.

10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but lessor agrees that lessee shall have the right at any time to pay or reduce same for lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lease. If this lease covers a less interest in the oil, gas, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not), or no interest therein, then the royalties, and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interests therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessor.

11. Lessee's express or implied obligations hereunder shall be suspended and Lessee shall not be liable in damages while compliance with such obligations is prevented or hindered by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be valid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of lessee, and the primary term and the delay rental provisions hereof shall be extended until the first anniversary date hereof occurring twelve (12) months or following the removal of such delaying cause, and this lease may be extended thereafter by operations or in any other manner provided in this lease as if such delay had not occurred.

12. In addition to the above mentioned ten or more dollars, receipt of which is hereby acknowledged, a spud fee of Twenty-Five Thousand Dollars (\$25,000) shall be paid to Lessor in the event a drilling rig shall commence drilling on the above stated lands covered by this lease in paragraph one (1). This spud fee shall be paid upon the commencement of drilling, and shall be paid regardless of whether or not the well is later determined to be "dry" or "productive". This spud fee shall be paid in addition to any royalties the lessor may be entitled to. It is understood this spud fee will compensate land owner for inconvenience, access, and possible damages to property. In the event a drilling rig does not commence drilling on said lands within the term of the lease as specified in paragraph two (2), lease shall expire and no spud fee shall be tendered nor due.

13. In the event a well is not drilled on the property but the said lands are unitized in to a unit containing a drill site, a unitized drilling fee of Thirty-Five (\$35) Per Acre shall be paid once drilling has commenced. This fee shall be paid in lieu of the spud fee, and shall be paid in addition to any royalties later due to the landowner. In the event a drilling rig does not commence drilling on said unitized lands within the term of the lease as specified in paragraph two (2), lease shall expire and no unitized drilling fee shall be tendered nor due.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

Land Owner Michael S. DeStefano

Land Owner

Jean M. DeStefano
Land Owner Jean M. DeStefano

Land Owner

COMMONWEALTH Pennsylvania

COUNTY OF: Lawrence

SS:

On this the 7TH day of FEB, 2008, before me, the undersigned authority, personally appeared

Michael S. DeStefano, Jean M. DeStefano

who, being duly sworn according to law, deposes and says that

executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Richard J. Niechala
Notary Public